



Billing Code: 4165-15

## **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **Health Resources and Services Administration**

#### **Health Center Program**

AGENCY: Health Resources and Services Administration, HHS.

ACTION: Notice of Class Deviation from Competition Requirements for Low-Cost Extensions and Administrative Supplement Thresholds to Minimize Disruption of Services for Certain Health Center Program Service Areas

SUMMARY: In accordance with the Awarding Agency Grants Management Manual (AAGAM) Chapter 1.03.103, the Bureau of Primary Health Care (BPHC) requests a class deviation to award low-cost extensions of up to 6 months or, when necessary, administrative supplements to minimize disruption of services for specific health center program service areas.

Per the requirements for low-cost extensions outlined in the AAGAM Chapter 2.04.104B-4A.1.a.(5)(b), these extensions may not exceed 25 percent of the approved federal direct cost

budget authorized for the budget period (exclusive of the additional funding requested) or \$100,000. Likewise, per the requirements for administrative supplements outlined in the AAGAM Chapter 2.04.104B-4A.4.b, these supplements may not exceed 25 percent of the approved federal direct cost budget authorized for the budget period (exclusive of the additional funding) or \$250,000, whichever is less. In each case, the Health Resources and Services Administration (HRSA) is required to publish a notice in the Federal Register in advance of, or concurrent with, the awarding of the funds.

BPHC is requesting a class deviation to the requirements for low-cost extensions to allow HRSA to award extensions that exceed 25 percent of the approved federal direct cost budget authorized for the budget period (exclusive of the additional funding requested) and/or \$100,000 in cases where the grantee would not receive future continued support under the Health Center Program. Likewise, BPHC is requesting a class deviation to the requirements for administrative supplements to allow HRSA to award supplements that exceed 25 percent of the approved federal direct cost budget authorized for the budget period (exclusive of the additional funding) and/or \$250,000 in cases where the award is to a currently funded grantee located in or adjacent to the service area of a grantee that will not receive continued support under the Health Center Program. BPHC is also requesting that the deviation allow for the publication of a consolidated notice in the Federal Register annually that summarizes the actions taken in the prior fiscal year.

The sole purpose of these low-cost extensions or administrative supplements is to avoid a gap in the provision of critical health care services for a funded service area by providing a “bridge”

until HRSA is able to make an award to an eligible applicant under a Service Area Competition (SAC) and/or to assure an orderly phase-out of Health Center Program activities by the current grantee.

BPHC is not requesting that this class deviation cover single source replacement awards and will continue to request single case deviations for such non-competitive actions if necessary.

**SUPPLEMENTARY INFORMATION:**

Intended Recipient of the Award: Health Center Program Grantees

Amount of Non-Competitive Awards: Variable

Period of Supplemental Funding: Variable

CFDA Number: 93.224, 93.527

Authority: Section 330 of the Public Health Service Act (42 U.S.C. 254b), as amended; Public Law 111-148, the Affordable Care Act of 2010, Section 5601 and Section 10503, as amended; Public Law 111-152, Health Care and Education Reconciliation Act of 2010, Section 2303.

**JUSTIFICATION:** BPHC always conducts an open competition to identify a new Health Center Program grantee for a previously funded but now available service area; however, it generally takes up to 6 months to announce and conduct the SAC and select a new grantee for the service area.

In fiscal year 2013, BPHC awarded operational grants to support approximately 1,200 Health Center Program grantee organizations. Throughout the course of the current fiscal year, there have been 14 cases where a deviation and accompanying Federal Register Notice were warranted per AAGAM 2.04.104B-4A, based on the need to issue a low-cost extension or administrative supplement. Such cases occurred when a Health Center Program grant was discontinued prior to the project period end date. Discontinuations prior to the project period end date have been the result of a voluntary relinquishment of the grant award by the current grantee or an enforcement action taken by HRSA due to a grantee's material noncompliance with program requirements. The need for a low-cost extension or administrative supplement has also occurred at the end of a grantee's project period due to a lack of eligible or fundable applications for the announced service area. In all cases, the purpose for the HRSA award of the low-cost extension or administrative supplement was to avoid a gap in the provision of critical health care services for a service area by providing a "bridge" until HRSA was able to make an award to an eligible applicant under a SAC and to assure an orderly phase-out of Health Center Program activities by the current grantee. Often the funds necessary to continue services in these service areas exceed the amount authorized for low-cost extensions and administrative supplements under the AAGAM.

Given the commonality of purpose and time-sensitive circumstances surrounding these low-cost extensions and administrative supplements, approval of a class deviation to allow a streamlined process for these awards would ensure both consistency and efficiency, and support HRSA's commitment to minimizing a disruption in services to health center patients.

The number of grantees that HRSA would award low-cost extensions or administrative supplements to is expected to be extremely limited (less than 10-15 per year) based on recent experience. In addition, the amount of grant funds provided under the extension or supplement would be determined based on pro-rating HRSA's existing funding commitment to the service area. In all cases, current fiscal year funds will be used to supplement or extend the grantee's existing budget period award.

FOR FURTHER INFORMATION CONTACT: Olivia Shockey, Chief, Expansion Branch, Office of Policy and Program Development, Bureau of Primary Health Care, Health Resources and Services Administration, 5600 Fishers Lane, Rockville, Maryland 20857, email: [oshockey@hrsa.gov](mailto:oshockey@hrsa.gov).

Dated: April 16, 2014

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Administrator

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